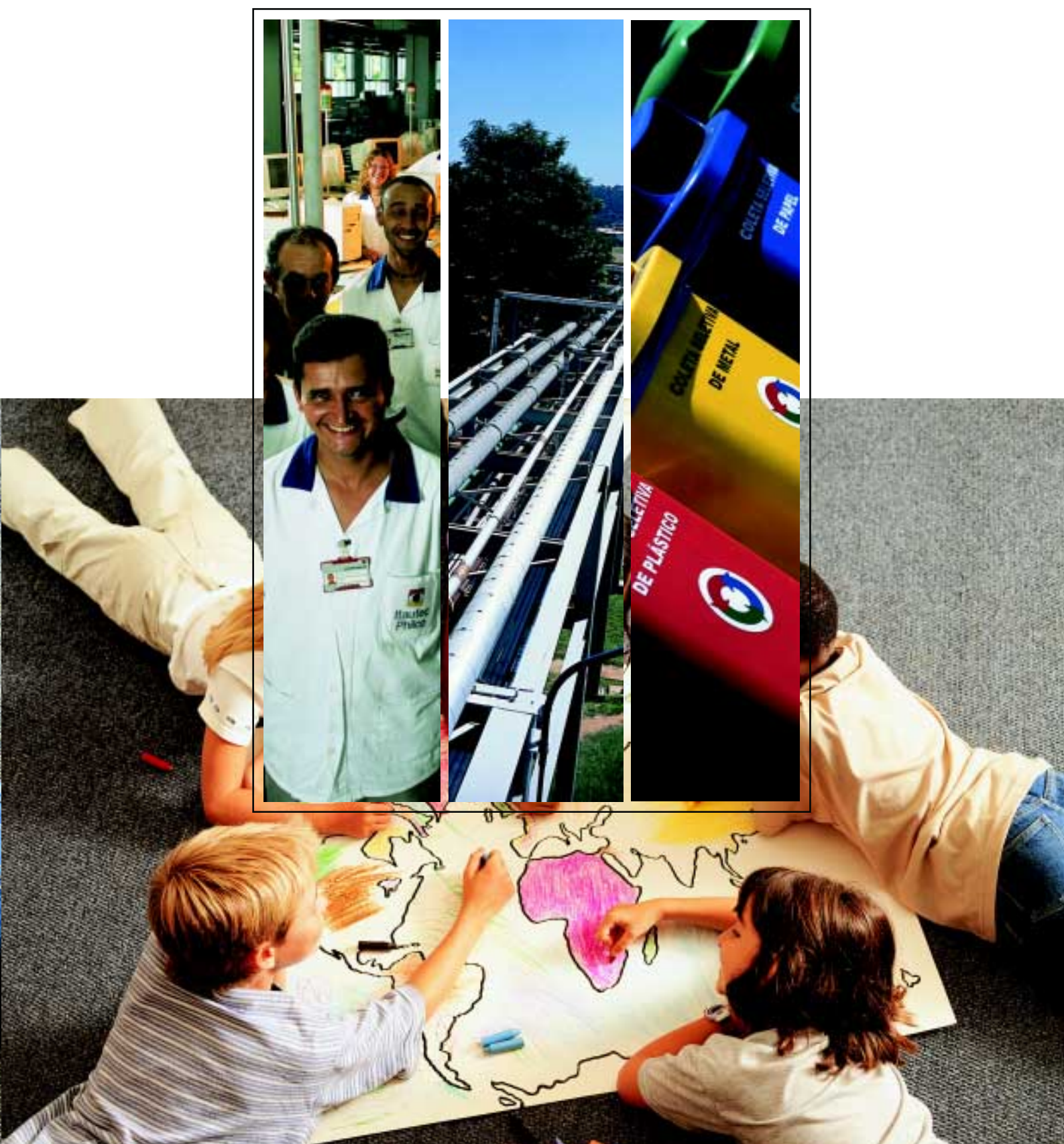


SOCIAL AND ENVIRONMENTAL REPORT 2001



Social and Environmental Report 2001



Contents

Introduction	04
Social Actions	06
Volunteer Work	08
Community Actions	10
Actions in the Health Area	12
Sport and Leisure	14
Human Resource Management	16
Training and Development	18
Employee Profile	22
Social Benefits	24
Environmental Action	26
Recycling . Effluent Treatment	28
Principal Indicators	30







Tatuapé Plant, city of São Paulo, SP



Introduction



Itautec Philco presents its projects, investments and achievements in 2001 through the medium of this Social and Environmental Report.

In our role as an ethical and serious corporate citizen, we highlight our employees' voluntary endeavor in the building of a permanent relationship with the market and the community, in this way seeking to harmonize economic growth with social justice and underscoring the importance of protecting the environment and natural resources.

By competently exercising its role as corporate citizen, Itaútec Philco creates and supports projects for the improvement in the quality of life of various segments of society.

Social Actions

New times, new goals. Today, the major corporate players have to be aware of the numerous deficiencies in society, looking beyond administrative competence and favorable financial results. For this reason, as year succeeds year, Itaútec Philco is expanding its presence in this area through campaigns for donations, encouragement of voluntary work and other initiatives that have as their principal objective in common, the contribution to the well being of all.

Putting corporate citizenship into practice competently and seriously means creating and supporting projects designed to improve the quality of life. It also means investing continually in the professional and personal development of the company's employees through the sponsorship of tournaments, refresher and specialization courses, and events in which employees' families can participate – among other important social investments.







Volunteer Work



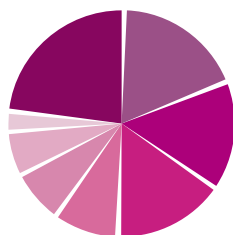
*Campaign for food and toy donations.
City of Jundiaí, SP*

In 2001, Itaútec Philco conducted an in-house survey on volunteer work. Very much in line with the company's own social policy, the survey's results show the employees' vocation for voluntary actions. We identified that 25% of the employees had already participated or were participating in voluntary work while 75% indicated an interest in beginning or expanding socially responsible actions in areas such as education, the environment, sport, art and culture among many others.

This, then, is one more reason for creating projects with a focus on the dissemination of opportunities for voluntary action - the planning of which has to be on a group basis so that common interests throughout the entire organization can be satisfied.

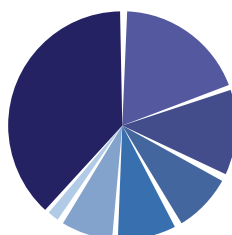


AREA OF ACTIVITY



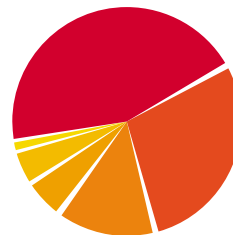
Education	23%
Sport	18%
Environment	16%
Social welfare	16%
Art and culture	10%
Health	9%
Human rights	6%
Others	2%

TARGET SEGMENT



Children	34%
Adolescents	21%
Senior citizens	15%
Adults	14%
Mentally or physically disabled	11%
Prisoners	4%
Others	1%

TYPE OF WORK



Participation in events	32%
Serving the public	30%
Support activities	23%
Guidance and consultancy	9%
Dissemination and fund-raising	5%
Others	1%





Community



*Students visit the Tatuapé Plant,
city of São Paulo, SP*

The charity campaigns continue. And each year, the number of participants grows. Food, winter clothing and toys as well as other items of prime necessity were collected from the company's employees and donated to entities which work with low income communities. In parallel, Itaútec Philco sponsored an exhibition of drawings by children from the charity receiving the donations as a way of encouraging the employees to take part in the Toy Donation Campaign.

In 2001, the employees at the Tatuapé Plant participated in the Blood Donor Campaign on behalf of the Pro-Blood Foundation, the first public blood bank in Latin America. Thanks to more than 200 volunteers, the company received a special letter of thanks from the organization. The Pro-Blood Foundation supplies blood and blood-related materials to federal, state and municipal health authorities.

Nearly 200 middle and higher education students participated in the monthly visits to the company's installations between June and November. The objective of the visits is help in the



students' technological development through guided tours of the company's installations where they have the opportunity of learning about Itaútec Philco's equipment and products. The visits also help to provide indications as to the direction of the students' future careers.

The objective of the "Open House" program is to promote the integration of the employee, the family and the company through escorted visits to the Jundiaí Plant. During the year, 46 families participated in this program and a total of 1,100 people since the Open House's inception in 1999.

Actions





Actions in



Vaccination Campaign against Influenza, city of Jundiaí, SP

In accordance with the annual program of events, all units of the company conducted internal campaigns for vaccination against influenza and German measles, prevention of dental decay, diabetes, skin diseases, cholesterol and triglycerides as well as talks on drugs and alcohol. The company also held an awareness campaign on the International Day for Combating AIDS. During the year, the medical area registered 10,225 consultations comprising medical examinations on admission to and on leaving the company as well as periodic check-ups and those made at the employees' request.

Employees receive continuous training in occupational safety. In 2001, 44 courses were held with a total duration of 266 hours and 1,505 participants. The objective of these courses is to raise the employees' awareness in the correct use of Individual Protection Equipment (Equipamentos de Proteção Individual - EPIs), Basic Notions in Occupational Safety ranging from high level work and use of removable step ladders to more specific courses such as correct working posture for users of microcomputers, the correct headphone use and defensive driving techniques etc.



More than 4,200 participants took part in the Prevention of Accidents at Work Week - SIPAT, an annual event at all the company's units and branches. The company used talks and theatrical presentations to transmit concepts related to specific themes such as "Prevention Everywhere", and "In Prevention, your greatest ally is the Individual Protection Equipment (EPI)", among others. Twenty-five courses relating to the Company Accident Prevention Commission (CIPA) were held with a total of 121 participants and 260 hours of training.

the Health Area





Sport



Ecological Walk, city of São Paulo, SP

In 2001, Itaútec Philco held an ecological walk for its employees and their families with more than one hundred participants. The contact with nature through the intermediary of eco-tourism, besides providing the participants with a leisure activity, also acts as an ecology classroom. In view of the success of this initiative, the company is considering making this event a quarterly affair.

In addition to its own sporting fixtures, the company encourages employees to participate in external competitions such as the 9th Pão de Açúcar Relay Marathon and the Assespro Games (Information Technology Products Companies Association), held in May 2001. Itaútec Philco was the 2001 champion in the latter, participating in 14 different sports, such as indoor five-a-side soccer, basket ball, volley ball, swimming, athletics, table tennis, poker, chess and queimada.

In Manaus, forty employees took part in the Sesi Workers' Club Tournament and the Sesi Sporting Circuit involving indoor soccer and beach and master field soccer. In the latter event, the company



was the unbeaten champion with the most disciplined team in the event. As a result, Sesi Club invited the team to represent it in a sporting fixture held in the city of Itacoatiara, also in the State of Amazonas.

The Jundiaí Plant held several championships during the year with the objective of promoting the integration of the more than 370 employees working at the facility through such events as basket ball, field soccer, indoor soccer, beach volley ball, athletics, swimming, tennis and table tennis, bowls and poker.



Field Soccer Team, city of Jundiaí, SP

and Leisure



In all the company's divisions, the employee's professional and human values are recognized.

Human Resource Management

Itautec Philco's objective in investing in training and development is not only to qualify and to provide personal and professional progress for its employees but also to ensure that the company – one of the largest in the sector – can count on a reservoir of skilled and experienced people in all areas of its business. One facet of the company's human resource policy involves contacts with schools through talks, visits and specific public notices, the result being that there has been a significant increase in the number of applications both for internships as well as junior employees.

One of the competitive advantages of the company is the importance placed upon the young professional in the form of a special program of visits by middle school and university students. Through this program, on the one hand, the student is brought into contact with the reality of the corporate world while on the other, the company is able to achieve a greater degree of integration with schools and universities.



Itautec Philco's installations at all its plants are adequately adapted for the physically disabled while the company also has no hiring ceiling for this category of worker. Selection is based entirely on the candidates' curriculum. Once these workers have built up a track record in one of the company's divisions, their effective professional and human values are duly recognized and developed.





Training and

In 2001, Itautec Philco invested R\$ 654,000 in qualification and skills courses with the participation of 4,757 students and reflecting in a 66% increase in the number of hours dedicated to training in relation to 2002. The company runs in-house programs focusing on customer service and quality for the development of professionals working as a team, communication with both Itautec's internal and external public, negotiation and the refinement of interpersonal relationships and leadership skills.

A further 7,521 participants, among them company employees and customers together with technical personnel from approximately 680 Itautec authorized dealers, received training at the Itautec Philco Educational Center through technical courses, authorized and certified by major software companies such as Microsoft, Novell and IBM. In addition, courses were held by Itautec.com Serviços itself covering all the hardware products sold by the company.





*In-house Course "Development of Professional Skills",
Tatuapé, city of São Paulo, SP*

Development





Training and

The “Trade Mercadológico” area was set up in 2001 to make the points of sale more proactive according to the company’s strategic plans, both in-house and external sales teams receiving training. The results have been visible and immediate as witnessed by the commitment, acceptance and feedback from sales people and guest participants, all of whom were able to broaden their knowledge of the products and technology. In this first year, 1,877 sales people from 40 retailers were trained – a total of 340 hours of instruction.

Based on the 5´S programs - Organization, Orderliness, Cleanliness, Standardization and Discipline - various initiatives have been introduced at Itautec Philco’s different plants. In Manaus, on the occasion of the anniversary of one of these programs, a company event was held involving a gymkhana, theater and games, the employees, at the same time, being reminded of the importance of putting the 5´S into practice in their day-to-day activities. Continual improvements (Kaizen) are being observed in all the company’s operating processes.





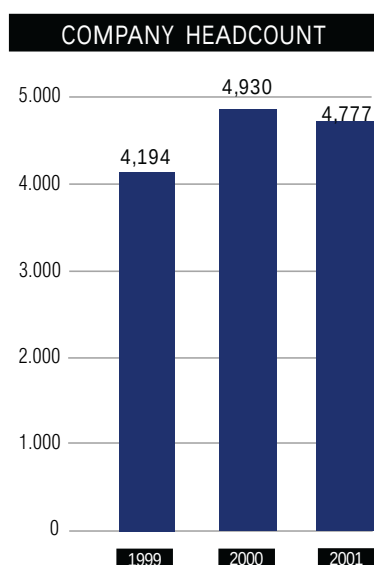
Technical training, Jundiaí Plant, SP

Development





Employee

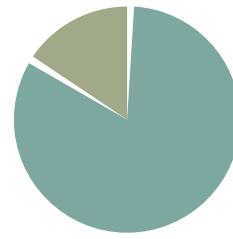


Following a rise in headcount - from 4,194 in 1999 to 4,930 in 2000 -, with the evolution of more highly trained teams, Itautec Philco was able to adjust its structures down to a total of 4,777 employees in 2001. The company has 3,684 male and 1,093 female employees while 1,980 are single, 1,775 are married and 1,022 divorced and separated. Of this total, 55% were contracted within the past five years. The remainder is divided as follows: 2% have worked at Itautec Philco for more than 20 years; a further 16% have from 5 to 10 years service and another 27% from 10 to 20 years' service.

Educational qualifications are as follows: 8.4% have a primary school qualification; 60.3%, a high school education; 28.9%, a college education; and 2.4% a post-graduate qualification. In terms of age groups, 29% are up to 25 years of age; 40% from 25 to 35; 24% from 35 to 45; and 7% over 45. In terms of function, 47.7% are classified as technicians and analysts, 45.1% as operating personnel and 7.2% as management and supervisory staff.



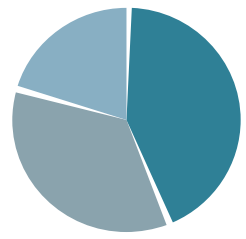
EMPLOYEES BY GENDER



Female 22.9%

Male 77.1%

CIVIL STATUS



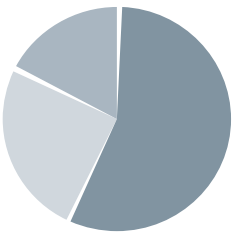
Unmarried 41.4%

Married 37.2%

Others 21.4%

Profile

POSITION

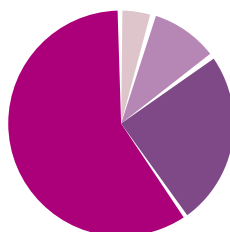


Technicians and analysts 47.7%

Operational 45.1%

Supervisory 7.2%

ACADEMIC LEVEL



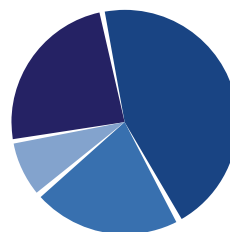
High school 60.3%

College 28.9%

Primary education 8.4%

Post-graduate 2.4%

AGE GROUP



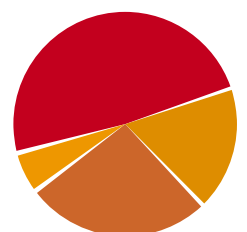
Up to 25 years 29%

from 25 a 35 years 40%

from 35 a 45 years 24%

More than 45 years 7%

YEARS OF SERVICE



Up to 5 years 55%

from 5 a 10 years 16%

from 10 até 20 years 27%

More than 20 years 2%



Social

Itautec Philco offers its employees and their families medical and dental care, food, transport, basic basket of goods, day-care allowance, life insurance, supplementary pension plan and loans.

Itautec Philco and its subsidiaries are sponsors of the Itaúsa Industrial Foundation, the new name for Aricanduva Previdência S/C, a non-profit making entity. The main purpose of the Foundation is to provide benefits in the form of a lifetime income to supplement retirement benefits paid out by the federal social security system.

The Foundation administers a Defined Benefits Plan (BD) but has now instituted a Defined Contribution Plan(CD). From June 2001, the company began a process of disseminating the details of the new plan to all its employees. Presentations and clarifications on the Plan were given so that the by September, the employee could choose freely between the two plans. Out of the total 1,352 members in the BD Plan,1,255 opted to switch to the CD-Plan, only 97 members deciding to remain with the



original plan thus representing a migration of more than 90%. As of December 31 2001, the plan had 3,512 members of which 3,470 were active.



Dental Care

Benefits



PAI

Plano de Aposentadoria Individual

Itautec Philco has installed systems which optimize the use of natural resources.

Environmental Action

As in the case of the previous year, in 2001, Itautec Philco in partnership with the WWF-Brasil sponsored the Environment Week at its Tatuapé Plant in an effort to raise the environmental awareness of its employees. The event consisted of an exhibition of photographs and a stand displaying the products of the institution. WWF is a non-governmental organization which seeks to defend the environment and is one of the most active in its field in the world.

In the Jundiaí Plant, the Itaucom division has complied with the short and incisive slogan, "It is not enough to invest in new technologies alone, it is also necessary to conserve the environment", by installing systems for optimizing the use of natural resources, an indication of the company's policy of environmental and ecological responsibility.







Recycling



Storage center for selective collection of recyclable material, Tatuapé, city of São Paulo, SP

Inaugurated in 2000, the recycling plant in Jundiaí represents a further stage in the Selective Waste Collection Program introduced in the previous year and which continues to produce increasingly significant results. The income obtained from recycling is reverted to the 5´S Program and natural medicine and health programs as well as financing employee social and leisure programs such as the choral and theater groups, gardening activities and sporting events.

The Utilities Center at the Tatuapé plant was inaugurated in July 2001 for the collection of cardboard, paper, plastic and metals. In only six months, 700,000 kilos of these materials were collected. Once separated, the material is sent to specialized companies for recycling.

Liquid waste from the Itaucom Division's manufacturing process is treated in modern installations with disposal being conducted in compliance with the standards fixed by the environment regulation agencies. The Reverse Osmosis System installed by the company, produces industrial water with a high degree of purity from the normal supply sources or from recycled water up to a limit of 80% of the water used by the plant.





*Control and monitoring of the
Reverse Osmosis System*



*Transport of material for recycling,
city of Jundiaí, SP*

Effluent Treatment



Principal Indicators

(R\$ thousands)

1. Financial Indicators

Net Income from Sales and Services	1,171,589
Operating Profit	5,495
Gross Payroll	134,021

2. Labor Indicators

Mandatory Labor Charges	42,588
Training and Development	1,254
Social Benefits	14,123

3. Investment in the Environment

1,274

4. Headcount Indicators

Number of employees at the end of the period	4,777
Number of employees hired during the period	1,120
Number of women working at the company	1,093
Number of supervisory positions held by women	14.8%
Number of employees with physical disabilities	149





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Vice-President
José Carlos Moraes Abreu

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